



Taxable Lending Term Sheet

Purpose	MSHDA offers taxable loans to support 9% tax credit rental housing. A subordinate HOME or Preservation Fund loan may be provided to the extent certain objectives are met, including rural housing, lower income family, integrated supportive, and workforce housing.
Eligible Borrowers	Non-profit housing corporations and limited dividend entities eligible under the Authority's Act.
Eligible Developments	New construction and acquisition and rehabilitation of rental developments for family or senior citizens of 24-150 units.
Loan Limits	110% of the applicable for-profit HUD 221(d)(3) Mortgage Limits. For profits can receive up to 90% of the total development cost, subject to the above limitation.
Income Restrictions	Typically all units targeted to 60% of the AMI and below, but mixed income housing permissible where at least 20% of the units are affordable to households at 50% of AMI or 40% of the units are affordable to households 60% of the AMI.
Rate	10-year US Treasury Note plus 240 basis points, fully amortizing over a 35-year loan term as of date of complete application.
Special Rate	Up to 1/2% of the interest rate may be deferred if at least 15% of the units will be affordable to a targeted special need population with services provided in accordance with a MSHDA approved Addendum III Supportive Services plan.
Term	35 years
HOME/Preservation Fund Loan Rate/Amortization	3% simple interest amortized over 50 years. Payments may be deferred for up to 12 years if deferred developer fee exists. Annual payments made from available cash flow, with unpaid balance, including accrued interest, becoming the new first after the first mortgage balance is paid.
Debt Coverage Ratio	Minimum of 1.10
Loan Guarantee	Non-recourse
Prepayment Provision	15 year prepayment prohibition
Affordability Requirement	35 year original mortgage term or 50 years if combined with HOME or Preservation Fund loan
Operating Assurance Reserve	Operating Assurance Reserve (OAR) required equal to four months estimated operating expenses. OAR held by MSHDA and accumulates interest.
Replacement Reserve	First year deposit minimum of \$250 per unit for seniors and \$300 per unit for family or rehabilitation.
Michigan Green Communities Grant	Grant of \$1,000 per affordable unit, up to a maximum of \$50,000 available from MSHDA for developments meeting the Michigan Green Communities criteria. The Enterprise Foundation matching funds and \$3,000 grant for administrative reporting available.
Environmental Reviews	Phase I Environmental Site Assessment required.
Origination and Other Fees	2% of mortgage loan amount. LIHTC application, commitment and compliance fees apply.
Application Fee	\$1,000

For More Information Contact:

Michigan State Housing Development Authority
735 East Michigan Avenue
Lansing, Michigan 48912

Phone: (517) 373-6880

Fax: (517) 335-6565 TTY: (800) 382-4568